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Housewares International

2002 Annual Report

Contents

Financial Highlights

- Group sales up 96% to $374.9m.
- Group EBITA up 84% to $30.2m.
- Profit after tax up 117% to $16.4m.
- Capital employed is up 77% to $177.6m.
- Net debt at $50.6m represents 28.5% of capital employed.
- EBITA return on capital 17%.
- Final dividend at 3c per share implies a full year dividend of 8c per share, which equates to a 53% profit after tax payout ratio.

Highlights of 2002

Operational Highlights

October 2001	Completed the Breville acquisition.
December 2001	Rationalised Ronson and Goldair brands into the Kambrook business unit.
December 2001	Rationalised the sales and marketing functions for the Group's small appliance brands.
January 2002	Completed and settled the acquisition of a 50% interest in Anglo Canadian.
March 2002	Completed the Breville Design Centre.
March 2002	Common tiered brand strategy adopted by all Housewares business units across the world.
March 2002	New corporate logo adopted by all group companies.
April 2002	Homewares showroom set up in Breville's Hong Kong office.
June 2002	Completed plans for Homewares entry into New Zealand.
June 2002	Business plans for Breville's entry into the USA and Canada completed.


Breville

Chairman's Report

The Group has performed very solidly during the year ended 30th June 2002.

Management are to be congratulated on their performance over a number of areas of operation:

- Our cash positions continue the improvement shown last year, with our net debt down to $50.6 million at 30 June 2002, despite two major acquisitions, namely Breville and Anglo Canadian. Our year end net debt to capital employed ratio is 28.5%.
- The completion of a most successful assimilation of the Breville Group into our operations with the performance of that Group strongly contributing to our result for the year.
- Control of working capital has had particular focus during the year, which assisted both our result and cash position.
- Completion of the purchase of 50% of Anglo Canadian effective from 1 January 2002, the restructure of that business to expand its product range and distribution, and its management.
- The restructure of our United States of America operations through Metro Marketing Inc with a reorganisation of its management structure, product range, market development activities, inventory control and cash management.

The result of all of this was a profit for the Housewares Group of $16.35 million NPAT compared with $7.54 million to the prior year. Group turnover totalled $374.9 million, an increase of 96% over last year's sales of $191.2 million.

Despite the watchfulness of management in all our locations, we have not been immune from retailers' difficulties both here and in America caused by the recent unstable retail and economic environment.

The Australian-United States dollar exchange rate has continued to show volatility, but has largely been managed very effectively during the year.

Our strategy of increasing brand profile and international presence has not changed and we continue to look at opportunities for further growing our company.

I express my thanks to our management team and staff for continuing their focus on our strategic plan, for their achievements during the year and the financial result. May I also thank my fellow directors for their support and substantial contributions over the past twelve months.

Finally, thank you to our shareholders for your loyalty over the year and I trust that this has been rewarded by our performance on the sharemarket and through our Balance Sheet and Accounts.

Clive Little
Chairman

Managing Director's Review

What an eventful year! Given all the activity within the HWI Group this year, it's difficult to know where to start this review.

It is my belief that this year's activities were borne in a strategic review, which was undertaken earlier this year at Housewares. The review highlighted that the company lacked critical mass as a listed entity and in turn its small appliance business lacked the critical mass that was required to be able to generate earnings in excess of the company's cost of capital. This implied that to succeed as a listed entity, we needed to increase the size of the company by capitalising on our strengths in homewares and dealing with our shortcomings in the small appliance business.

The strategy to grow critical mass against a responsible funding structure was implemented across a number of fronts through:

- The acceptance of "Return on Capital" by line managers as the key driver and measure for future business decisions.
- Establishment of an international brand strategy aimed at co-ordinating product development and procurement activities across the group's business units.

This positive outcome for the company and its shareholders would not have been possible without the dedicated focus and support of all our staff and for this I am grateful.

- Broadening the market for Housewares products in North America by expanding Metro's product offering and acquiring a 50% share in Anglo Canadian, a well respected Canadian homewares company.
- Attaining critical mass in small appliances through the acquisition of Breville, the market leader in small appliances in Australia and New Zealand, with an international trading office located in Hong Kong.
- Focused efforts to reduce working capital investment in the group.

I am pleased to report that these initiatives have yielded positive results for our group, which is evidenced in this year's financial result.

This positive outcome for the company and its shareholders would not have been possible without the dedicated focus and support of all our staff and for this I am grateful. We can often focus on the "big picture" and overlook efforts that are required around the group to deliver turnover of $375m.

To understand the high work ethic of our staff, one only needs to visit our operations during the peak Christmas selling season or when servicing promotions for our retail customers. These are but two examples among many, where the efforts of our staff help drive this business forward. The thrust of this message is that it's a team effort that drives the results of Housewares International and in our view; we have one of the best teams in town.

In any year, there are moments that stand out as particularly significant. This year has been no exception and the important moments that stand out for me are as follows:

- The Breville acquisition. In my view, the strength of Breville is in its people, its brands and its strong business disciplines. Under the guidance of Joe Hersch and the O'Brien family, Breville has built a successful business that is now a valuable asset within the Housewares group. Ronson and Goldair have been fully integrated with the Kambrook business. In a broader sense, the cultural and business fit between the Breville and Housewares businesses is first rate. We now also have operative business units in New Zealand and Hong Kong, which will play an important part in our future growth strategy.
- The local and international brand strategy that has been implemented by Phillip Ramsay and his team. This has underpinned a strong financial result for Housewares in Australia and has given focus to product development initiatives around the world. Within this strategy, the Liddy brand continues to deliver strong growth through its lifestyle offering.
- The efforts of Metro's Management Committee and their team in the USA in the face of unprecedented difficulties. The deplorable terrorist attacks and a volatile economic environment set the scene for a difficult trading environment. The team coined the phrase "stand up and deliver" and did just that! I am proud to be part of their team and look forward to working with them to build a stronger business as we move forward.

Managing Director's Review

- The Anglo Canadian acquisition. We have enjoyed working with our 50% partner, Albert Mann and his team to integrate their business into the Housewares Group. We see upside in this investment by being able to introduce a broader range of products through Anglo's established infrastructure and broad retail customer base.

- Bringing together a team of people that crosses the globe and spans an amazing mix of cultural backgrounds.

- Introduction of a broader range of cookware into the Anglo Canadian product offering.

- Investigating new product opportunities in cutlery, hospitality and international agency brands to fully utilise the Housewares infrastructure, which has spare capacity since the Ronson/Kambrook integration.

- Consolidation of group sourcing initiatives and broadening the group's customer base beyond home markets through our Hong Kong office.

Important growth initiatives that are currently underway to underpin future profitability for our group are as follows:

- Introduction of Housewares brands and products into HWI New Zealand.

- Finalisation of the sales, marketing and infrastructure plans for the launch of the Breville brand in the USA and Canada. This project is on track for a January 2003 launch at the Chicago Housewares fair.

- Broadening Metro's product range through the introduction of tiered branding and a ceramics offer with Mayfair & Jackson and Liddy brands.

Financial Commentary

This year's sales are up 96% to $375m and include sales from Breville from 1 October 2001, being the effective acquisition date. Sales in the Australian homewares division are up 18% on last year, buoyed by strong performances from company owned brands, agency brands and Liddy.

The Group's EBITA is up 84% from $16.4m to $30.2m. This result includes Breville's maiden profit contribution, with the effective acquisition date giving Housewares access to Breville's important Christmas sales period. Metro's earnings are down on last year as a result of weak consumer confidence and significant retail bankruptcies,

which have eroded Metro's customer base. As highlighted in Metro's review, there are initiatives underway to restore profit growth in that division. At this stage, the equity accounted contribution from Anglo Canadian is not material, but is expected to grow as product integration initiatives yield results.

Borrowing costs at $4m are 47% up on last year and reflect the cost of borrowings raised as partial funding for the Breville and Anglo Canadian acquisitions. Interest cover in the income statement is comfortable with an EBITA to interest cover of 8.6 times.

Net profit after tax at $16.35m is up 117% on last year's figure of $7.5m. Measured against an increased number of shares on issue, the diluted EPS for the year (based on issued shares at year end of 110.8m rather than the weighted average) at 14.7c is up 41% on last year's 10.5c.

Operating cash flows at $26.3m are the highlight of the year. Strong operating profits and astute working capital management initiatives across the group have all contributed to this strong cash flow performance.

The balance sheet is in good shape. Capital employed at $177.6m is principally represented by receivables at $54m, inventories at $76m and intangibles at $67m. Working capital management initiatives have delivered clean working capital figures for the group and the profitable performance of the group has protected the integrity of the group's intangible valuations.

Net debt at $50.6m, represents a comfortable 28.5% debt to capital employed ratio or 40% debt to equity ratio.

When the financial result is measured against the closing balance sheet, EBITA of $30.2m represents a 17% return on capital employed.

The final dividend at 3c per share has contributed to a full year dividend of 8c per share. This represents a payout ratio of 53%, within the Board's distribution guideline of approximately 50% profit after tax

In conclusion and on behalf of the Board, we would like to thank our staff, customers and suppliers for their loyal support during the year and also welcome the staff that have joined through the acquisitions and wish them well in their future journey with us.

We are now a substantial team, spanning many different countries and cultures with an exciting opportunity to continue to build wealth for our shareholders through value enhance initiatives.

Mark Kirkby
Managing Director

HWI Homewares Operational Review

HWI Homewares distributes two streams of product to Australian retailers. Our own branded tabletop, cookware and nursery product ranges include brands such as Forum, Mayfair & Jackson, Liddy, Baccarat, Arcosteel, Martinelli, and Pronto. Additionally, HWI Homewares is the exclusive Australian distributor of international brands Peg Perego, Soehnle, Leifheit, JG Durand, Bormioli, Spacebags and Joyce Chen.

This year we experienced a general upturn in the Housewares retail sector, which assisted us to achieve overall sales and margin growth.

We have continued to place a strong emphasis on the management of working capital levels and whilst we have extended our product range substantially, we have achieved an improved stock turn and decreased receivables levels as a result of tight management control.

Our own brand stable enables us to reach most Australian retail outlets across a broad range of price points. During the year, there has been a strong emphasis placed on building our brand structure and increasing market penetration and position. The brands Pronto, Mayfair & Jackson and Arcosteel are now firmly entrenched in the marketplace.

A number of new products have been introduced across all ranges and Forum has been launched as a tabletop brand which will command the premium market position with our cookware brand Baccarat.

Liddy, which is the Housewares lifestyle label has been repositioned to be available through Department stores and specialty stores providing improved brand exposure. Substantial future sales growth is anticipated for this exciting lifestyle category.

During the year, we secured several new complementary agency appointments.

- In December 2001 HWI was appointed the Australian distributor for the Italian Glassware manufacturers Bormioli Rocco.
- In July 2001 HWI was appointed the Australian distributor for the German bathroom scale brand leader Soehnle.
- In July 2001 HWI was appointed the Australian distributor for the German kitchen gadget and laundry products manufacturer Leifheit.

The agency business has grown substantially over the past twelve months and allows HWI to capitalise on the synergies of an established customer base and distribution network.
HWI Homewares is well positioned to pursue further growth this year in the following key categories:

- Introduce a cutlery offering within our branding structure.
- Establish a presence in the hospitality market
- Continue to expand our product range.
- Actively seek additional agency business.
- Introduce homewares into New Zealand through the HWI New Zealand infrastructure.
- Establish a presence in Hong Kong to pursue international sales opportunities.

The strong infrastructure we have in place today is able to support future growth, which means any increase in volume will have a positive impact on return on investment.

HWI Homewares will also focus on a global strategy in the short to medium term, with plans underway to introduce HWI branded product into New Zealand, Canada and the USA.

I would like to thank our staff for their contribution and support over the past twelve months and I look forward to sharing the opportunities our exciting future will bring.

Phillip Ramsay
Director

HWI Electrical Operational Review

AUSTRALIA

It is appropriate that for its 70th anniversary Breville has enjoyed a truly satisfying year.

In July 2001 we integrated Philips grooming, beauty care and garment care into our Breville infrastructure as part of our "Premium offer". I am pleased to report the integration was successfully completed and has been very well received by our retail customers.

In September 2001 Breville was acquired by Housewares International Limited.

In January 2002 Kambrook, our "Value" brand, absorbed the Ronson business into its infrastructure. This integration is also now complete and is working very well. My personal thanks to Mike Delauney, General Manager of Kambrook for his sterling efforts in rationalising the Kambrook/Ronson ranges.

I would like to take this opportunity to thank all my colleagues in Breville/Kambrook for their dedication and commitment in ensuring the success of both the Philips and Ronson integration. This has been a tremendous achievement across all facets of our business and would not have been possible without the co-operation and commitment of our entire team.

AUSTRALIA

"We are as good as the product we deliver to market." During the year we commissioned a state of the art Design Centre which together with our established Research and Development Department will enhance our potential to develop further intellectual property.

During the year we continued to grow our market share across the "Breville, "Philips" and "Kambrook" brands.

Our Christmas "New product" offer has been enthusiastically received by retailers and we look forward to a buoyant Christmas Season.

Our ability to satisfy the demanding service levels of our retail customers has been a key ingredient to our success. Logistics management is now a core competency within our business.

Business plans are in place for the January 2003 launch of the Breville brand in the USA and Canada.

NEW ZEALAND

This has been a very successful year for Breville NZ which has changed its identity to HWI NZ.

During the year HWI NZ successfully integrated Philips grooming, beauty care and garment care categories into its product offer.

We are very proud of the achievements of our NZ team, who are ably led by Brett O'Neill, the General Manager of HWI NZ.

In July 2002 HWI NZ launched HWI Homeware products into the New Zealand market.

Our New Zealand business model is very successful and has been crafted to maximise our product offering in a very competitive market.

I would like to thank our New Zealand colleagues for their excellent achievement and wish them continued success.

Joe Hersch
Director

HONG KONG

The Group's Hong Kong office looks after the sourcing and trading functions of the group. In terms of sourcing, the office undertakes activities related to orders, price negotiation, production scheduling, quality control, shipping and administration for the group's Electrical Division. The office also manages international sales for the Breville brand.

In April 2002 we established a showroom for Homewares within our existing premises.

This showroom will facilitate FOB exports to countries where we do not have a wholesale presence.

In time it is intended to extend our sourcing/shipping and quality assurance services to Homewares.

Viola Cheung
General Manager

UNITED STATES OF AMERICA

The 2002 fiscal year has been one of the most challenging years in the history of Metro with September 11, a volatile share market, and record Chapter 11 filings including Kmart, one of Americas largest retail groups, all contributing to a difficult period.

We are pleased to report that throughout this turmoil Metro was able to achieve 90% of the previous years sales.

Also during the year we achieved improved working capital efficiencies and stronger operating cash flows by:

- Aggressively purging inventory of slow moving and obsolete stock
- Implementing a sales/order forecasting system
- Tighter control over credit management

Exciting plans have been developed to grow our business and these include:

- Implementation of the group's branding structure across all categories
- Line extension with the introduction of ceramics
- Launch of Breville Electrical products in January 2003
- Expansion into the South American market

Against this growth objective, customer service levels will be reviewed for continuous improvement and logistics support software will be upgraded. Improved quality assurance processes will also be implemented to ensure that the company's customers receive quality merchandise.

Metro accomplishments are a tribute to the dedication and commitment of all its staff members. Their continued efforts and co-operation will form the cornerstone to our continued success.

Danny Kin
Chief Operating Officer

CANADA

Effective 1 January 2002, HWI Limited acquired a 50% interest in Anglo Canadian LLP. The company is based in Montreal, Canada with a sales office in Toronto.

The business was established 75 years ago and operates principally in the homeware categories of tabletop and glassware.

- The company operates with company owned brands and represents other key international brands, within a "good, better, best" offering.
- It has a well-established infrastructure and long-standing business relationships with retailers, ranging from independents and speciality stores to the larger mass merchants.
- The company is re-engineering its product offering in line with HWI's global brand strategy and cookware is gradually being introduced into the product line-up.

- Plans are in place for the January 2003 launch of the Breville brand into Canada.

The Canadian team has assimilated well into the HWI culture and the group is well placed to build a successful partnership with our international affiliates.

I would like to thank the Anglo Canadian team for their efforts this year in helping consummate the partnership, while at the same time staying focused on the business operations.

Albert Mann
Managing Director

Board of Directors

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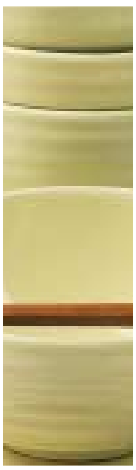

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1 **Clive Little**
Chairman,
FCA, FAICD, FAIM

Clive Little, age 68, was a partner in accounting firm Deloitte Haskins & Sells until 1987. Since then, Mr Little has held various board positions in a diverse range of organisations. Mr Little is currently Chairman of Tricontinental Holdings Limited, Banksia Securities Limited and Aus Bio Limited. Mr Little is also a Director of Adsteam Marine Limited and SPC Ardmona Limited.
Mr Little is the chairman of Housewares International Limited and is a member of the Audit and Corporate Governance Committee and a member of the Remuneration Committee.

2 **John McConnell**
Non-executive Director,
BCom, FAICD, FAIM, FAIBF

John McConnell, age 63, has had over 35 years experience in banking and finance with ANZ Banking Group in Australia, New Zealand and the United Kingdom and has held various board positions within that Group. Current directorships include Equity Trustees Limited and the Private Capital Council Limited. Mr McConnell is a non-executive director and is Chairman of the Audit and Corporate Governance Committee and a member of the Remuneration Committee.

3 **Peter Morgan**
Non-executive Director,
FAICD, FAIM

Peter Morgan, age 58, has had extensive retail and merchandise experience during a career with Coles Myer Ltd spanning 38 years. Mr Morgan held numerous senior management positions with Coles Myer Ltd, including being an Executive Director of the company from 1989 to 1997. Other current directorships include SPC Ardmona Limited and Chairman of the Textile Clothing Footwear and Leather Forum. Mr Morgan is a non-executive director and is a member of the Audit and Corporate Governance Committee and is Chairman of the Remuneration Committee.

4 **Frank Jones**
Non-executive Director,
FCA, CPA, ACIS

Frank Jones, age 72, is a Chartered Accountant and was the Senior Partner in the accounting firm of Horwarth Melbourne until his retirement in 1995. Mr Jones has extensive experience as a tax, financial and general advisor to some of Australia's leading manufacturing, importing, retailing and shopping centre development companies. He is a member of the Audit and Corporate Governance Committee and a member of the Remuneration Committee. Mr Jones is a director of Premier Investments Ltd.

5 **Mark Kirkby**
Managing Director,
B.Acc, CASA

Mark Kirkby, age 43, is the Group Managing Director and is responsible for business strategy and acquisitions. Mr Kirkby also oversees group operations and corporate finance matters, and supervises the company's offshore business units.

6 **Phillip Ramsay**
Executive Director

Phillip Ramsay, age 50, is an executive director and is responsible for product procurement, marketing and management of the Homewares' products.

7 **Brian Cartlidge**
Executive Director

Brian Cartlidge, age 55, is an executive director and is responsible for product procurement, product development, marketing and management of Agency brands.

8 **Joseph Hersch**
Executive Director,
CASA

Joseph Hersch, age 57, is an executive director and is responsible for all management aspects of the HWI Electrical division. Mr Hersch has over twenty years experience in the consumer products industry in Australia.

Directors' Report

The Board of Directors of Housewares International Limited has pleasure in submitting its report in respect of the financial year ended 30 June 2002.

Directors

The names of the directors in office during or since the end of the financial year are:

Clive Little	**John McConnell**
Peter Morgan	**Frank Jones**
Mark Kirkby	**Phillip Ramsay**
Brian Cartlidge	**Joseph Hersch** (appointed on 6 December 2001)

Unless indicated otherwise, all Directors held their position as a Director throughout the entire financial year and up to the date of this report.

Directors' Interests

Relevant interests of the Directors in the shares, options or other instruments of the Company are:

	Ordinary Shares	Options
C Little	41,131	-
J McConnell	54,820	-
P Morgan	103,833	-
F Jones	61,695	-
M Kirkby	10,142	500,000
P Ramsay	586,272	-
B Cartlidge	518,920	-
J Hersch	3,505,467	500,000

Directors' Meetings

The number of meetings of the Board of Directors and of board committees during the financial year were:

Board or Committee	**Number of meetings**
Full Board	19
Audit and Corporate Governance Committee	4
Remuneration Committee	2

The attendances of Directors at meetings of the Board and its committees were:

	Full Board	Audit and Corporate Governance	Remuneration
C Little	18 [19]	4	2
J McConnell	18 [19]	4	2
P Morgan	19	4	2
F Jones	16 [19]	3 [4]	2
M Kirkby	17 [19]	N/A	N/A
P Ramsay	19	N/A	N/A
B Cartlidge	18 [19]	N/A	N/A
J Hersch	9 [9]	N/A	N/A

Where a Director did not attend all meetings of the Board or relevant Committee, the number of meetings for which the Director was eligible to attend is shown in brackets.

The Company has an Audit and Corporate Governance Committee of the Board of Directors, the members of which are Clive Little, John McConnell, Peter Morgan and Frank Jones. The Committee met four times during the year. The details of the functions and memberships of the other committees of the Board are presented in the Statement of Corporate Governance Practices.

Principal Activities

The principal activities of the economic entities during the financial year comprised the importation, distribution and marketing of homeware, and lifestyle products in Australia, USA, and Canada and small electrical appliances in Australia and New Zealand.

Results

The consolidated profit after tax of the consolidated entity for the financial year was $16,352,961 (2000/2001 $7,539,805).

Dividends

The following dividends have been paid, declared or recommended since the end of the preceding financial year. The payment of dividends is subject to shareholder participation in the dividend reinvestment plan.

	On ordinary shares	
	cents per share	$'000
Interim fully franked dividend for 2002 paid 17 April 2002	5.0	5,376
Final fully franked dividend for 2002 as recommended and declared by the Directors, payable 16 October 2002	3.0	3,327

Review of Operations

Consolidated sales for the financial year were $374.9 million, which is 96% greater than the consolidated sales for the previous financial year. The consolidated profit after tax for the financial year of $16.35 million is 117% greater than the consolidated profit for the previous financial year.

In light of these results, the Directors have declared a final fully franked dividend for the financial year of 3.0 cents per share which results in a total fully franked dividend for the financial year of 8.0 cents per share.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year that have not otherwise been disclosed in this Report or the consolidated financial statements.

Significant Events after Year End

No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Likely Developments and Future Results

Disclosure of information as to likely developments in the operations of the consolidated entity and expected results of those operations would be prejudicial to the interests of the consolidated entity. Accordingly, such information has not been included in this Report.

Environmental Regulations

The consolidated entity is not involved in any activities that have a marked influence on the environment within its area of operation.

Directors' and Officers' Emoluments

Remuneration of Directors and senior executives of the Company is established by the Remuneration Committee. Remuneration is determined as part of an annual performance review, which includes performance evaluation with regard to comparable remuneration and independent advice. For executive Directors and officers, remuneration packages generally comprise salary, a motor vehicle and superannuation. Some executives are also provided with longer-term incentives through the Senior Executive Option Plan, which acts to align the executives' actions with the interests of the shareholders. Some executives are also entitled to performance-based bonuses. Directors are not entitled to such performance based bonuses. Non-executive directors are not entitled to options.

Details of emoluments provided to directors and the five most highly remunerated officers are as follows:

		Base Package $	Fee $	Super-annuation $	Motor Vehicle $	Other $	Total $	Number of options granted (a)
Directors								
C Little		0	70,000	5,600	0	0	75,600	-
J McConnell		0	40,000	3,200	0	0	43,200	-
P Morgan		0	40,000	3,200	0	0	43,200	-
F Jones		0	40,000	3,200	0	0	43,200	-
M Kirkby		316,086	0	47,413	7,021	0	370,520	500,000
P Ramsay		332,391	0	49,859	4,075	2,861	389,186	-
B Cartlidge		275,833	0	55,167	11,984	2,374	345,358	-
J Hersch	(b)	247,500	0	37,125	17,006	7,091	308,722	500,000
Officers								
S Rosenzweig		490,412	0	10,904	1,046	27,510	529,872	-
D Kin		340,332	0	10,716	8,425	21,376	380,849	-
B Liu		306,731	0	9,365	712	18,621	335,429	-
V Cheung	(b)	271,201	0	23,052	0	0	294,253	-
J McVay		144,969	0	21,456	5,283	1,231	172,939	-

(a) Each option entitles the holder to purchase 1 ordinary share in Housewares International Limited. Details of the terms and conditions of the options are set out in note 21. The options were granted on the 6 December 2001. A valuation undertaken by PricewaterhouseCoopers Securities Ltd dated 8 August 2002 has assessed an indicative value of the options at the date of issue as being $38,980 (7.79 cents per option) for the options issued to Mark Kirkby and $37,550 (7.51 cents per option) for the options issued to Joseph Hersch. The value of the options have not been included in the total remuneration above.

(b) remuneration calculated from 28 September 2001.

Indemnification and Insurance of Directors and Officers

Insurance and indemnity arrangements established in a previous financial period concerning certain executives were continued during 2002. These arrangements are pursuant to Executive Service Agreements previously entered into by the Company.

Housewares International Limited paid an insurance premium of $28,083 in respect of Directors' and Officers' Liability Insurance insuring each of the Directors named earlier in this Report and all executive officers of the consolidated entity, from all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

Rounding of amounts

The Company is a company of the kind specified in Australian Securities and Investments Commission class order 98/0100. In accordance with that class order, amounts in the financial statements and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

Signed in accordance with a resolution of Directors.

Clive Little
Chairman

Mark Kirby
Director

Melbourne
9 September 2002

Statement of Corporate Governance Practices

The Board of Directors of Housewares International Limited have adopted the following set of principles for the corporate governance of the Company. These principles, together with the following committees, establish the framework of how the Board carries out its duties and obligations on behalf of the shareholders.

The Board of Directors

Role of the Board

The Board of Directors is responsible for setting the strategic direction and establishing the policies of Housewares International Limited. It is responsible for overseeing the performance of executive management and the financial position of the Company, and for monitoring the business and affairs of the Company on behalf of the shareholders, by whom the directors are elected and to whom they are accountable. It also addresses issues relating to internal controls and approaches to risk management.

Composition of the Board

The Directors' Report contains details of the directors' skill, experience, education and age. The Board seeks to consist of directors with an appropriate range of experience, skill, knowledge and vision to enable it to operate the Company's business with excellence. The Board currently consists of four independent directors and four executive directors.

The Constitution of the Company states that there must be a minimum of 3 directors and contains detailed provisions concerning the tenure of Directors. A Director, other than the Managing Director, may not hold office for more than 3 years without submitting themselves for re-election. An election of Directors is to occur at each annual general meeting of the Company and the particular Directors who are to retire or to stand for re-election at any particular AGM are those who have been longest in office. Where the Directors have appointed one or more of their body to the office of Managing Director, he or she will remain in office for the period and on the terms agreed by the Board (subject to the terms of any agreement entered into between the Managing Director and the Company.)

Chairperson and Managing Director

The Company recognises that non-executive Directors play an important role of supervising executive management. As such, the Company maintains that there must be a separation between the roles of the Chair and the Managing Director.

The Managing Director is responsible for supervising the management of the business as designated by the Board. The Chairperson is an independent Director who is not involved in any executive management. The person must not be a representative of a supplier, a shareholder or the Managing Director. This ensures the appropriate independent functioning of the Board and management.

Independent Professional Advice

The Company has procedures enabling any Director or committee of the Board to seek external professional advice as considered necessary, at the Company's expense with the approval of the Chair.

Conflict of Interest

In the event that a potential conflict of interest may arise at any meeting of the Board of Directors, involved Directors must withdraw from all deliberations concerning the matter. They are not permitted to exercise any influence over other Board members or receive relevant Board papers.

Dealings in Securities by Directors and Employees

The Board of Directors has adopted a policy and procedure as to the dealing in company securities by Directors and senior management, which provide that Directors and any employee who from time to time possesses information that is inside information should never deal in Housewares International Ltd securities. It also provides guidance on the periods when securities can be dealt in.

Shareholder Relations

The Company's shareholders are responsible for voting on the appointment of Directors. The Board seeks to inform shareholders of all major developments affecting the Company by:

1. **Preparing half-yearly financial reports and making these available to all shareholders.**
2. **Advising shareholders of the key issues affecting the Company.**
3. **Submitting proposed major changes in the Company's affairs to a vote of shareholders, as required by the Corporations Law.**
4. **Conducting an Annual General Meeting each year to enable shareholders to receive reports by the Board of the Company's activities.**

Committees of the Board

The Board has established committees to consider issues and strategies, within common areas, in order to advise and guide the Board. Other committees may also be established as the need arises.

The Board committees in operation at the date of this report and their functions are as follows:

Audit and Corporate Governance Committee

The purpose of the Audit and Corporate Governance Committee is to review the adequacy and appropriateness of accounting policies, internal controls and audit functions, and the relationship of these functions to the external audit and the financial statements and to ensure that the principles of Corporate Governance are observed including continuous disclosure requirements and compliance with the Corporations Act 2001, the ASX Listing Rules, and Australian Accounting Standards. The Committee meets with the external auditors during the year to review the adequacy of existing external audit arrangements with particular reference to the scope and quality of the audit. The Committee reports to the Board on the external auditors' continuance and achievement of the terms of engagement. The members of the Committee are John McConnell (Chairman), Clive Little, Peter Morgan and Frank Jones.

Remuneration Committee

The purpose of the Remuneration Committee is to determine the amount of the remuneration to be paid to the Executive Directors and Senior Executives of the Group and to determine the manner in which such remuneration is to be paid to, or applied for the benefit of, such Executives. The Committee reports to the Board. The members of the Committee are Peter Morgan (Chairman), Clive Little, John McConnell and Frank Jones.

Committee Attendance

The membership and details of attendances of Committees of the Board are detailed in the Directors' Report which precedes this statement.

Disclosures About Directors

Details of the Directors' remuneration and retirement benefits is disclosed in Note 31 and in the Directors' Report. Details about the indemnity given to Directors are disclosed in the Directors' Report. Details about Directors' shareholdings are disclosed in Note 33 and in the Directors' Report.

Remuneration

The details of directors' and officer's remuneration are provided in the Directors' Report.

Internal Controls

Procedures have been established at the Board and executive management levels that are designed to safeguard the assets and interests of Housewares International Limited, and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures.

Ethical Standards and Performance

The Board acknowledges the need for continued maintenance of the highest standards of corporate governance practice and ethical conduct by all directors and employees of Housewares International Limited.

Financial Statements 2001/2002

Housewares International Ltd

Statement of Financial Position
at 30 June 2002

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Current Assets					
Cash Assets	28(a)	22,086	9,072	0	0
Receivables	6	53,922	22,797	39,678	0
Inventories	7	76,559	50,191	0	0
Other	8	2,661	2,945	0	0
Total Current Assets		**155,228**	**85,005**	**39,678**	**0**
Non-Current Assets					
Investments accounted for using the equity method	9	7,866	0	0	0
Other financial assets	10	0	0	69,429	69,429
Plant and equipment	11	7,691	2,557	0	0
Intangibles	12	66,940	34,183	0	0
Deferred tax assets	13	5,740	4,534	0	0
Total Non-Current Assets		**88,237**	**41,274**	**69,429**	**69,429**
Total Assets		**243,465**	**126,279**	**109,107**	**69,429**
Current Liabilities					
Payables	14	34,426	15,196	0	0
Interest bearing liabilities	15	18,315	8,746	0	0
Tax liabilities	16	1,364	121	21	0
Other provisions	17	6,583	1,166	3,327	0
Total Current Liabilities		**60,688**	**25,229**	**3,348**	**0**
Non-Current Liabilities					
Payables	18	0	0	0	770
Interest bearing liabilities	19	54,380	20,000	0	0
Other provisions	20	1,396	807	0	0
Total Non-Current Liabilities		**55,776**	**20,807**	**0**	**770**
Total Liabilities		**116,464**	**46,036**	**3,348**	**770**
Net Assets		**127,001**	**80,243**	**105,759**	**68,659**
Equity					
Contributed equity	21	105,759	68,659	105,759	68,659
Reserves	22	5,441	3,433	0	0
Retained profits	23	15,801	8,151	0	0
Total Equity		**127,001**	**80,243**	**105,759**	**68,659**

The accompanying notes form an integral part of this Statement of Financial Position.

Housewares International Ltd

Statement of Financial Performance
for the year ended 30 June 2002

(continued)

	Note	Consolidated		Parent	
		2002 $'000	2001 $'000	2002 $'000	2001 $'000
Sales revenue	2	374,919	191,185	0	0
Cost of sales		(236,616)	(121,003)	0	0
Other costs related to the sale of goods	2	(42,160)	(19,013)	0	0
Gross profit		**96,143**	**51,169**	**0**	**0**
Other revenues	2	1,795	321	8,725	2,880
Share of net profits of joint venture partnership accounted for using the equity method		49	0	0	0
Employee benefits expense		(36,350)	(18,606)	0	0
Advertising expense		(12,196)	(2,066)	0	0
Depreciation & amortisation expense	2	(3,632)	(1,735)	0	0
Occupancy expenses		(9,209)	(4,900)	0	0
Borrowing costs	2	(4,003)	(2,716)	0	0
Other expenses from ordinary activities		(7,609)	(8,649)	0	0
Profit from ordinary activities before income tax expense		24,988	12,818	8,725	2,880
Income tax expense relating to ordinary activities	3	(8,635)	(5,278)	(22)	0
Net profit		**16,353**	**7,540**	**8,703**	**2,880**
Net increase in asset revaluation reserve	22(a)	3,999	0	0	0
Net exchange difference on translation of financial statements of foreign controlled entities		(1,991)	2,493	0	0
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		2,008	2,493	0	0
Total changes in equity other than those resulting from transactions with owners as owners		18,361	10,033	8,703	2,880
Basic earnings per share (cents per share)	4	17.71	10.47		
Diluted earnings per share (cents per share)	4	17.25	10.15		

The accompanying notes form an integral part of this Statement of Financial Performance.

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Cash flows from operating activities			Inflows/(Outflows)		
Receipts from customers		414,748	202,486	0	0
Payments to suppliers and employees		(354,115)	(178,199)	0	0
Dividends received		0	0	5,305	5,760
Interest received		295	159	71	0
Borrowing costs paid		(3,497)	(2,464)	0	0
GST paid		(26,188)	(9,293)	0	0
Income taxes paid		(4,976)	(8,127)	0	0
Net cash flows from operating activities	**28(b)**	**26,267**	**4,562**	**5,376**	**5,760**
Cash flows from investing activities					
Purchase of business	27	(60)	(207)	0	0
Purchase of plant and equipment		(4,086)	(639)	0	0
Proceeds from sale of plant and equipment		544	99	0	0
Purchase of controlled entities net of cash acquired	28(c)	(29,248)	0	0	0
Purchase of equity interest	9	(7,817)	0	0	0
Net cash flows from investing activities		**(40,667)**	**(747)**	**0**	**0**
Cash flows from financing activities					
Repayment of borrowings					
- controlled entities		0	0	(15,340)	0
- non related entities		(31,306)	(3,584)	0	0
Proceeds from borrowings from non related entities		42,500	10,000	0	0
Proceeds from issues of ordinary shares		13,316	0	13,316	0
Payment of dividends on ordinary shares		(3,352)	(5,760)	(3,352)	(5,760)
Principal repayments finance leases		(384)	0	0	0
Net cash flows from/(used in) financing activities		**20,774**	**656**	**(5,376)**	**(5,760)**
Net increase in cash held		6,374	4,471	0	0
Cash at the beginning of the financial year		5,210	(3,030)	0	0
Exchange rate variations on foreign cash balances		(2,446)	3,769	0	0
Cash at the end of the financial year	**28(a)**	**9,138**	**5,210**	**0**	**0**

The accompanying notes form an integral part of this Statement of Cash Flows.

Note 1. Statement of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared as a general purpose financial report which complies with the requirements of the Corporations Act 2001, Australian Accounting Standards and Urgent Issues Group Consensus Views. The financial statements have also been prepared in accordance with the historical cost convention and do not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets, except for identifiable intangible assets – brand names.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year with the following exceptions.

Brand names are included at fair value where fair value has been determined by applying the "relief from royalty" valuation methodology. The fair value adopted was based on a Director's valuation. This represents a change in policy previously adopted under which brand names were included at cost. The financial effect of this change was to increase both intangibles and reserves by $3,999,000.

The consolidated entity has adopted the revised Accounting Standard AASB 1027 "Earnings per Share" and has, for the first time, determined basic and diluted earnings per share in accordance with the revised Standard. The revised policy has had no impact on the calculation of basic and diluted earnings per share.

The consolidated entity has adopted the revised Accounting Standard AASB 1005 "Segment Reporting". The revised policy has had no material impact on the segment information.

Principles of Consolidation

The consolidated financial statements include the financial statements of the parent entity, Housewares International Limited, and it's controlled entities, referred to collectively throughout these financial statements as the "Consolidated Entity."

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-entity balances and transactions have been eliminated.

Financial statements of foreign controlled entities are presented in accordance with group policy and generally accepted accounting principles in Australia.

Foreign Currency

Transactions in foreign currencies of entities within the consolidated entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Amounts payable to and by the entities within the consolidated entity that are outstanding at the reporting date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial year.

Except for certain specific hedges all resulting exchange differences arising on settlement or re-statement are brought to account in determining the net profit or loss for the financial year, and transaction costs, premiums and discounts on forward currency contracts are deferred and amortised over the life of the contract.

Where a purchase is specifically hedged, exchange gains or losses on the hedging transaction arising up to the date of purchase and costs, premiums and discounts relative to the hedging transaction are included with the purchase or sale. Exchange gains and losses arising on the hedge transaction after that date are taken to the Statement of Financial Performance.

All overseas operations are considered self-sustaining. The financial reports of overseas operations are translated using the current rate method and any exchange differences are taken directly to the foreign currency translation reserve.

Income Tax

Tax effect accounting is applied using the liability method whereby income tax expense in the Statement of Financial Performance represents the tax on the pre-tax accounting profit adjusted for income and expenses never to be assessed or allowed for taxation purposes. The provision for deferred income tax liability and the future income tax benefit include the tax effect of differences between income and expense items recognised in different accounting periods for book and tax purposes, calculated at the tax rates expected to apply when the differences reverse. The components of future income tax benefit are shown in Note 13.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Cash and Cash Equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

Receivables

Trade debtors are initially recorded at the amount of contracted sales proceeds.

Provision for doubtful debts is recognised to the extent that recovery of the outstanding receivable balance is considered less than likely. Any provision established is based on a review of all outstanding amounts at balance date. A specific provision is maintained for identified doubtful debts, and a general provision is maintained in respect of receivables which are doubtful of recovery but which have not been specifically identified.

Receivables from related parties are recognised and carried at the nominal amount due.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is assigned on an average cost basis.

Recoverable Amounts of Non-Current Assets

All non-current assets are reviewed at least annually to determine whether their carrying amounts require write down to recoverable amount. Recoverable amount is determined using net cash flows which have not been discounted to present values.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are not capitalised and, except as described below, rental payments are charged against operating profit in the period in which they are incurred. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and the liability.

Finance Leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at the present value of the minimum lease payments and disclosed as plant and equipment. A lease liability of equal value is also recognised.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Statement of Financial Performance.

Plant and Equipment

The consolidated entity does not own any land or buildings. Plant and equipment are depreciated over their useful economic lives. Owned motor vehicles within plant and equipment are depreciated at 22.5% on a diminishing basis. The cost of improvements to or on leasehold property is capitalised and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter. All other owned plant and equipment is depreciated over 2 to 5 years on a straight line basis.

Goodwill on Acquisition

On acquisition of a controlled entity or a business, the difference between the purchase consideration plus incidental expenses and the fair value of identifiable net assets acquired is initially brought to account as goodwill on acquisition.

Purchased goodwill is amortised on a straight-line basis over the period during which the benefits are expected to arise, which is currently twenty years. The unamortised balance of goodwill is reviewed at each balance date and charged to profit and loss to the extent that applicable future benefits are no longer probable.

Brand Names

Brand names are included at fair value where fair value has been determined by applying the “relief from royalty” valuation methodology. The fair value adopted was based on a Directors valuation. The Directors believe that the brand names have a very long useful life of not less than forty years. Brand names are not amortised because the Directors consider that they could always dispose of the brand names in the foreseeable future for an amount in real terms that is not less than their current carrying value.

Investments

Interest in the joint venture partnership is carried at the lower of the equity-accounted amount and recoverable amount in the consolidated financial report.

All other non-current investments are carried at the lower of cost and recoverable amount.

Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Provision for Employee Entitlements

Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave and long service leave.

All on-costs, including payroll tax, workers’ compensation premiums and superannuation are included in the determination of provisions. Amounts accrued which represent vested entitlements are shown as current liabilities and are measured at their nominal amounts.

The non-current portions of long service leave is measured at the present value of estimated future cash flows, discounted by the Commonwealth Government bond rate at the balance date. The assumed rate of increase in employee salary and wage rates was identical to the discounted rate applied for the purpose of the present value calculations.

Interest-bearing liabilities

Bills payable are recognised when issued at the amount of the net proceeds received, with the premium on issue amortised over the period to maturity. Interest is recognised as an expense on an effective yield basis.

Redeemable preference shares that exhibit characteristics of liabilities are recognised as "deferred cash settlement" in the Statement of Financial Position. The corresponding dividends are charged as an interest expense in the Statement of Financial Performance.

Contributed equity

Ordinary share capital bears no special terms or conditions effecting income or capital entitlements of the shareholders.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Senior Executive Option Plan

Certain executives and employees are entitled to participate in the Company's Senior Executive Option Plan. The details of the scheme are set out in Note 21 and Note 24. No remuneration expense is recognised in the Statement of Financial Performance in respect of employee shares and options issued.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Derivative financial instruments - Forward exchange contracts

The consolidated entity enters into forward exchange contracts where it agrees to sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contract with anticipated future cash flows from purchases in foreign currencies, to protect the consolidated entity against the possibility of loss from future exchange rate fluctuations. The forward exchange contracts are usually for no longer than 12 months.

Exchange gains or losses on forward exchange contracts are charged to the Statement of Financial Performance except those relating to hedges of specific commitments that are deferred and included in the measurement of the sale or purchase.

Derivative financial instruments - Interest rate swaps

The consolidated entity enters into interest rate swap agreements that are used to convert the short term fixed interest rate of its short-term borrowings to medium-term fixed interest rates. The swaps are entered into with the objective of reducing the risk of rising interest rates.

It is the company's policy not to recognise interest rate swaps in the financial statements. Net receipts and payments are recognised as an adjustment to interest expense.

Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures as a result of the first-time application of revised Accounting Standards AASB 1005 "Segment Reporting".

Note 2. Revenues and Expenses from Ordinary Activities

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Profit from ordinary activities is after crediting the following revenues					
Sales Revenues		**374,919**	**191,185**	**0**	**0**
Other Revenues					
Interest from unrelated persons		295	159	71	0
Gross proceeds from the sale of non-current assets	(a)	544	99	0	0
Dividends receivable - wholly owned group		0	0	8,654	2,880
Foreign exchange translation gains		611	0	0	0
Other		345	63	0	0
Total other revenues		**1,795**	**321**	**8,725**	**2,880**
Total revenues		**376,714**	**191,506**	**8,725**	**2,880**
(a) Loss on sale of plant and equipment		(95)	(17)	0	0
Profit from ordinary activities is after charging the following expenses:					
Depreciation and amortisation:					
Depreciation of plant and equipment		2,328	835	0	0
Amortisation of leased assets		104	0	0	0
Amortisation of goodwill		1,200	900	0	0
		3,632	**1,735**	**0**	**0**
Borrowing Costs:					
Interest paid or payable to unrelated persons		3,317	2,466	0	0
Amortisation of loan facility fees		686	250	0	0
		4,003	**2,716**	**0**	**0**
Other expense items:					
Charge to provision for doubtful debts		931	1,872	0	0
Operating lease rentals		7,575	3,917	0	0
Provision for employee entitlements		2,167	1,005	0	0
Foreign currency translation loss		0	399	0	0
		10,673	**7,193**	**0**	**0**
Other costs related to the sale of goods:					
Rebates paid/payable to customers		23,981	9,970	0	0
Costs of delivering goods to customers		10,609	5,478	0	0
Other costs		7,570	3,565	0	0
		42,160	**19,013**	**0**	**0**

Note 3: Income tax

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
The difference between income tax expense provided in the financial statements and the prima facie income tax expense is reconciled as follows:					
Profit from ordinary activities		24,988	12,818	8,724	2,880
Prima facie tax thereon at 30% (2001 at 34%)		7,496	4,358	2,617	979
Tax effect of permanent and other differences		260	195	(2,595)	(979)
Amounts over provided in prior years		(62)	(475)	0	0
Withholding tax on dividends from foreign controlled entities		0	325	0	0
Restatement of deferred tax balances due to income tax rate changes		0	101	0	0
Effect of different rates of tax on overseas income		941	774	0	0
Total income tax attributable to ordinary activities		8,635	5,278	22	0

Note 4: Earnings Per Share

	Consolidated 2002 $'000	Consolidated 2001 $'000
Basic earnings per share (cents per share)	17.71	10.47
Diluted earnings per share (cents per share)	17.25	10.15
(a) Earnings used in calculating basic and diluted earnings per share	$16,352,961	$7,539,805
(b) Number of ordinary shares Weighted average number of ordinary shares used in the calculation of basic earnings per share	92,359,373	72,000,002
Potential ordinary shares considered dilutive – share options	2,462,239	2,250,000
Adjusted weighted average number of ordinary shares used in the calculation of diluted earnings per share.	94,821,612	74,250,002

(c) Conversion, call, subscription or issue after 30 June 2002

No issue of ordinary shares or potential ordinary shares occurred after balance date but prior to the completion of the financial statements.

Note 5: Segment Information

Segment Products and Locations

The consolidated entity's operating companies are organised and managed separately according to their geographic location, with each segment offering similar products and serving the wholesale market.

Geographically, the group operates in four predominant segments, being Australia, New Zealand, Hong Kong and North America. The head office activities of the group take place in Australia.

Segment information - primary segment - Geographic segments

2002	Australia $'000	New Zealand $'000	Hong Kong $'000	North America $'000	Eliminations $'000	Consolidated $'000
Revenue						
Sales to customers outside the consolidated entity	271,403	28,164	10,253	65,099	0	374,919
Other revenues from outside the consolidated entity	1,220	(41)	(33)	308	46	1,500
Share of net profit of equity accounted investments	0	0	0	49	0	49
Inter-segment revenues	167	0	0	0	(167)	0
Total segment revenue	**272,790**	**28,123**	**10,220**	**65,456**	**(121)**	**376,468**
Unallocated revenue						295
Total consolidated revenue						**376,763**
Results						
Segment result	19,008	2,040	190	7,672	(605)	28,305
Unallocated expenses						(3,317)
Consolidated entity profit from ordinary activities before income tax expense						24,988
Income tax expense						(8,635)
Consolidated entity profit from ordinary activities after income tax expense						**16,353**
Segment assets	198,197	15,663	2,784	28,700	(8,457)	236,887
Unallocated assets						6,578
Total assets						**243,465**
Segment liabilities	32,685	2,874	1,191	5,742	(87)	42,405
Unallocated liabilities						74,059
Total liabilities						**116,464**
Other segment information						
Equity accounted investments included in segment assets	286	0	0	7,580	0	7,866
Acquisition of plant and equipment	3,612	246	21	207	0	4,086
Depreciation	2,163	43	68	158	0	2,432
Amortisation	532	0	0	0	668	1,200

2001	Australia $'000	New Zealand $'000	Hong Kong $'000	North America $'000	Eliminations $'000	Consolidated $'000
Revenue						
Sales to customers outside the consolidated entity	120,281	0	0	70,904	0	191,185
Other revenues from outside the consolidated entity	125	0	0	37	0	162
Share of net profit of equity accounted investments	0	0	0	0	0	0
Inter-segment revenues	0	0	0	0	0	0
Total segment revenue	**120,406**	**0**	**0**	**70,941**	**0**	**191,347**
Unallocated revenue						159
Total consolidated revenue						**191,506**
Results						
Segment result	3,739	0	0	11,940	(394)	15,285
Unallocated expenses						(2,466)
Consolidated entity profit from ordinary activities before income tax expense						12,819
Income tax expense						(5,279)
Consolidated entity profit from ordinary activities after income tax expense						**7,540**
Segment assets	100,094	0	0	29,610	(9,936)	119,758
Unallocated assets						6,521
Total assets						**126,279**
Segment liabilities	8,569	0	0	9,910	(1,310)	17,169
Unallocated liabilities						28,867
Total liabilities						**46,036**
Other segment information						
Equity accounted investments included in segment assets	0	0	0	0	0	0
Acquisition of plant and equipment	553	0	0	86	0	639
Depreciation	666	0	0	169	0	835
Amortisation	506	0	0	0	394	900

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000

Note 6: Receivables (current)

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Trade debtors		54,407	24,724	0	0
Provision for doubtful debts		(3,123)	(2,278)	0	0
Trade debtors, net		51,284	22,446	0	0
Non-trade amounts owing by					
- unrelated persons		878	351	0	0
- director related		1,000	0	1,000	0
- other related persons		760	0	760	0
- wholly owned group		0	0	37,918	0
Total current receivables; net		**53,922**	**22,797**	**39,678**	**0**

Note 7: Inventories (current)

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Finished goods		66,996	49,432	0	0
Stock in transit		14,429	3,867	0	0
		81,425	53,299	0	0
Provision for diminution in value		(4,866)	(3,108)	0	0
Total inventories, net		**76,559**	**50,191**	**0**	**0**

Note 8: Other Assets (current)

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Prepayments		2,661	2,945	0	0
Total other assets, net		**2,661**	**2,945**	**0**	**0**

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000

Note 9: Investments Accounted for using the equity method

Investment in joint venture partnership	**7,866**	**0**	**0**	**0**

Interest in joint venture partnership

Name	Balance Date	Ownership interest % held by consolidated entity 2002	2001
Anglo Canadian Housewares, L.P.	**31 December**	**50.0**	**0**

	Consolidated 2002 $'000	Consolidated 2001 $'000
(i) Principal activities		
The principal activities of the joint venture partnership comprise the importation, distribution and marketing of homeware products in Canada.		
(ii) Share of joint venture partnership's profits		
- Revenues	7,163	0
- Expenses	(7,114)	0
Net profits	**49**	**0**
(iii) Carrying amount of investment in joint venture partnership		
Balance at beginning of financial year	0	0
- cost of acquiring initial interest in joint venture partnership	7,817	0
- share of joint venture partnership profits	49	0
- distributions received from joint venture partnership	0	0
Balance at end of the financial year	**7,866**	**0**
(iv) Share of joint venture partnership's assets and liabilities		
Current assets	9,894	0
Non current assets	722	0
Current liabilities	(6,585)	0
Non current liabilities	(32)	0
Net assets	**3,999**	**0**
(v) Retained profits of the consolidated entity attributable to the joint venture partnership		
Balance at the beginning of the financial year	0	0
Share of the joint venture partnership's profits	49	0
Distributions received from joint venture partnership	0	0
Balance at the end of the financial year	**49**	**0**
(vi) Reserves of the consolidated entity attributable to the joint venture partnership		
Balance at the beginning of the financial year	0	0
Share of the joint venture partnership's reserves	0	0
Balance at the end of the financial year	**0**	**0**

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000

Note 10: Other Financial Assets (non-current)

Shares in controlled entities – unlisted	**0**	**0**	**69,429**	**69,429**

Note 11: Plant and Equipment

	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Plant and Equipment – owned				
At cost	18,978	4,753	0	0
Accumulated depreciation	(11,464)	(2,196)	0	0
	7,514	**2,557**	**0**	**0**
Plant and Equipment – leased				
At cost	365	0	0	0
Accumulated depreciation	(188)	0	0	0
	177	**0**	**0**	**0**
Total Plant and Equipment, net	**7,691**	**2,557**	**0**	**0**

(a) Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the year.

	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Plant and Equipment – owned				
Carrying amount at beginning	2,557	2,806	0	0
Additions	4,086	639	0	0
Disposals	(409)	(116)	0	0
Additions through acquisition of entities	3,661	0	0	0
Depreciation expense	(2,329)	(835)	0	0
Currency translation difference	(52)	63	0	0
	7,514	**2,557**	**0**	**0**
Plant and Equipment – leased				
Carrying amount at beginning	0	0	0	0
Disposals	(231)	0	0	0
Additions through acquisition of entities	511	0	0	0
Depreciation expense	(103)	0	0	0
	177	**0**	**0**	**0**

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000

Note 12: Intangible assets (non-current)

		Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Goodwill at cost		28,076	18,118	0	0
Accumulated amortisation		(3,136)	(1,936)	0	0
		24,940	**16,182**	**0**	**0**
Brand names, at cost		**0**	**18,001**	**0**	**0**
Brand names at fair value		**42,000**	**0**	**0**	**0**
Total Intangible assets, net		**66,940**	**34,183**	**0**	**0**

(a) *Reconciliation of the carrying amounts of intangible assets at the beginning and end of the year.*

Goodwill					
Carrying amount at beginning		16,182	16,816	0	0
Goodwill on acquisition of entities		9,406	0	0	0
Goodwill on acquisition of business		552	266	0	0
Amortisation charge		(1,200)	(900)	0	0
		24,940	**16,182**	**0**	**0**
Brand names					
Carrying amount at beginning		18,001	18,001	0	0
Additions through acquisition of entities		20,000	0	0	0
Net amount of revaluation increment		3,999	0	0	0
		42,000	**18,001**	**0**	**0**

Note 13: Deferred Tax Assets (non-current)

Future income tax benefit is made up as follows

Attributable to timing differences:					
- provision for employee entitlements		1,405	620	0	0
- provision for doubtful debts		872	642	0	0
- provision for diminution in value of inventories		1,477	946	0	0
- other	(a)	1,986	2,326	0	0
		5,740	**4,534**	**0**	**0**

(a) Other timing differences are attributable to various provisions of the consolidated entity.

Note 14: Payables (current)

Trade creditors - unsecured		**34,426**	**15,196**	**0**	**0**

	Note	Consolidated		Parent	
		2002 $'000	2001 $'000	2002 $'000	2001 $'000

Note 15: Interest Bearing Liabilities (current)

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Secured:					
Bank overdraft	(a)	12,948	3,862	0	0
Bills payable	(a)	3,569	4,884	0	0
Lease liability – finance lease	(b)	131	0	0	0
Unsecured:					
Deferred cash settlement for subsidiaries acquired	(c)	1,667	0	0	0
		18,315	**8,746**	**0**	**0**

(a) The bills payable and bank overdraft are provided by various banks. Interest rates include both fixed and floating arrangements. The interest rates on fixed rate borrowings are at 5.89% per annum representing the weighted average contract rate in place at year-end. The interest rates on floating borrowings are set on a daily basis at 0.90% per annum above the banks cost of funds for borrowings in the particular currency. Borrowings include Australian dollar, US dollar, Euro dollars, Japanese yen, Hong Kong dollar and New Zealand dollar denominated amounts. The ANZ bank overdraft is secured by a first ranking fixed and floating registered charge over all the assets and undertakings of Thebe International Pty Ltd and Breville Pty Ltd and is guaranteed by Housewares International Limited. The USA facilities are secured by a first priority security interest over the assets of Metro/Thebe, Inc. in favour of Union Bank of California. The bank bills payable are secured by the inventory and receivables of Metro/Thebe, Inc.

(b) These finance leases have an average lease term of less than one year with the option to purchase the asset at the completion of the lease terms for the assets' market value. Lease liabilities are secured by a charge over the leased asset.

(c) At balance date, the company had a deferred cash settlement representing redeemable preference shares in Thebe International Pty Ltd as part consideration for the acquisition of the Breville Group of companies. These preference shares earn a dividend calculated with reference to the ANZ three year swap rate and will be redeemed in equal one- third amounts on 6 December 2002, 6 December 2003, and 6 December 2004.

Note 16: Tax Liabilities (current)

	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Provision for tax	**1,364**	**121**	**21**	**0**

Note 17: Other Provisions (current)

	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Dividends	3,327	0	3,327	0
Employee entitlements	3,256	1,166	0	0
Total current provisions	**6,583**	**1,166**	**3,327**	**0**

Note 18: Payables (non-current)

	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Unsecured:				
Non-trade amounts owing to Wholly owned group	**0**	**0**	**0**	**770**

	Note	Consolidated		Parent	
		2002 $'000	2001 $'000	2002 $'000	2001 $'000

Note 19: Interest Bearing Liabilities (non-current)

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Secured:					
Bills payable	(a)	51,000	20,000	0	0
Lease liability – finance lease		47	0	0	0
Unsecured:					
Deferred cash settlement for subsidiaries acquired	15(c)	3,333	0	0	0
		54,380	**20,000**	**0**	**0**

(a) The bills payable are provided by ANZ Bank and the interest rate is set at rollover periods at the bank bill buying rate. The bank bills payable are secured by a first ranking fixed and floating registered charge over all the assets and undertakings of Thebe International Pty Ltd and Breville Pty Ltd and is guaranteed by Housewares International Limited. These facilities are subject to annual review.

Note 20: Other Provisions (non-current)

	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Employee entitlements	**1,396**	**807**	**0**	**0**

Note 21: Contributed Equity

	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Ordinary shares	105,759	68,659	105,759	68,659
Total contributed entity	**105,759**	**68,659**	**105,759**	**68,659**

Movements in issued shares for the period:

		2002		2001	
		Number of shares	$'000	Number of shares	$'000
Beginning of the year		72,000,002	68,659	72,000,002	68,659
Issued during the year					
- Dividend reinvestment scheme		1,143,666	2,024	0	0
- Exercise of options		1,759,996	1,760	0	0
- Placement Agreement	(a)	1,892,655	3,350	0	0
- Less transaction costs		0	(34)	0	0
- Purchase of Breville Group	(b)	22,727,273	20,000	0	0
- Subscription Agreement	(c)	11,363,636	10,000	0	0
		110,887,228	**105,759**	**72,000,002**	**68,659**

(a) on 11 April 2002, 1,892,655 ordinary shares were issued under a Placement Agreement. The value placed on the issue is $1.77 per share. These shares rank equally with existing ordinary shares.

(b) On 6 December 2001, 22,727,273 ordinary shares were issued as part consideration in acquiring Breville Holdings Pty Ltd and its controlled entities. The value placed on the issue is $0.88 per share. The shares rank equally with existing ordinary shares.

(c) On 6 December 2001, 11,363,636 ordinary shares were issued under a Subscription Agreement to Premier Investments Limited. The value placed on the issue is $0.88 per share. The shares rank equally with existing ordinary shares.

Senior Executive Option Plan

An option plan exists where Directors, Executives and certain members of staff of the consolidated entity are issued with options over the ordinary shares of Housewares International Limited. The options, issued for nil consideration, are issued in accordance with performance guidelines established by the Directors of Housewares International Limited. The options are issued for a term of five years and are exercisable in equal tranches on the first three anniversaries of the date of grant. The options cannot be transferred and will not be quoted on the ASX.

Options granted under the Senior Executive Option Plan:

		2002		2001	
		Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of year		2,250,000	1.0000	2,250,000	1.0000
- granted	(a)	500,000	0.9500	0	0
- granted		750,000	1.0022	0	0
- lapsed		(33,333)	1.0000	0	0
- exercised		(1,759,996)	1.0000	0	0
Balance at end of year		**1,706,671**	**0.9863**	**2,250,000**	**1.0000**
Exercisable at end of year		**456,671**	**1.0000**	**0**	**0**

(a) These options may only be exercisable if the weighted average price of the Company's shares traded on the Australian Stock Exchange on the business day immediately preceding the proposed exercise of the options is at least $1.15.

Options outstanding and exercisable at 30 June 2002:

	Outstanding			Exercisable
	Option exercise price	Number of options	Average option life	Number of options
	1.0000	456,671	1.9	456,671
	0.9500	500,000	4.4	0
	1.0022	750,000	4.4	0
		1,706,671		**456,671**

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000

Note 22: Reserves

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Asset revaluation reserve	(a)	3,999	0	0	0
Foreign currency reserve	(b)	1,442	3,433	0	0
Total reserves		**5,441**	**3,433**	**0**	**0**

(a) Asset Revaluation Reserve

(i) Nature and purpose of reserve

The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. The reserve can only be used to pay dividends in limited circumstances.

(ii) Movement in reserve

	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Balance at beginning of year	0	0	0	0
Revaluation increment on revaluation of brand names	3,999	0	0	0
Balance at end of year	3,999	0	0	0

(b) Foreign Currency Translation Reserve

(i) Nature and purpose of reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations.

(ii) Movement in reserve

	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Balance at beginning of year	3,433	940	0	0
Exchange fluctuations arising on consolidation of foreign controlled entities	201	(198)	0	0
Exchange fluctuations on overseas net assets	(2,192)	2,691	0	0
Balance at end of year	**1,442**	**3,433**	**0**	**0**

Note 23: Retained profits and dividends

	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent 2002 $'000	Parent 2001 $'000
Retained profits				
Balance at the beginning of the year	8,151	3,491	0	0
Dividends provided for or paid	(8,703)	(2,880)	(8,703)	(2,880)
Net profit or loss	16,353	7,540	8,703	2,880
Balance at the end of the year	**15,801**	**8,151**	**0**	**0**
Equity				
Total equity at the beginning of the year	80,243	73,090	68,659	68,659
Total changes in equity recognised in the statement of Financial Performance	18,361	10,033	8,703	2,880
Transactions with owners as owners				
Dividends	(8,703)	(2,880)	(8,703)	(2,880)
Contributed equity	37,100	0	37,100	0
Total equity at the end of the year	**127,001**	**80,243**	**105,759**	**68,659**

	Note	Consolidated		Parent	
		2002 $'000	**2001 $'000**	**2002 $'000**	**2001 $'000**
Dividends					
Dividends proposed					
3 cents per share franked (2001: 0)		3,327	0	3,327	0
Dividends paid					
5 cents per share franked (2001: 4 cents)		5,376	2,880	5,376	2,880
		8,703	**2,880**	**8,703**	**2,880**
Franking credit balance					
The amount of franking credits available for the subsequent financial year using the franking rate applicable at 30 June 2002 are as follows:					
Franking credit balance as at the end of the financial year at 30% (2001: 34%)				25,914	2,095
Franking credits/(debits) that will arise from the payment/(refund) of income tax payable as at the end of the financial year				1,854	(1,294)
Franking debits that will arise from the payment of dividends as at the end of the financial year				(3,348)	0
				24,420	**801**

Note 24: Employee Entitlements

The number of full-time equivalents employed as at 30 June are:	**490**	**228**	**0**	**0**

(a) Senior Executive Option Plan

Housewares International Limited has a scheme pursuant to which persons declared by the Board to be Executives for the purposes of the scheme may be invited by the Board to apply for Options. An Executive who is issued with Options may only exercise a third of the Options after the first year from the date of issue, a further third after the second year and the final third after the third year after the issue date. These options lapse if not exercised within five years from the date of issue. Eighteen senior executives of the Company have been issued with Options to date. Details are provided in note 21.

(b) Employee Entitlements Recognised

Liabilities from employee entitlements are shown in the Statement of Financial Position as follows.

Current (refer note 17)	3,256	1,166	0	0
Non-current (refer note 20)	1,396	807	0	0
	4,652	**1,973**	**0**	**0**

Note 25: Foreign Currency Exposure

Current Liabilities

Amounts payable in foreign currency which are not effectively hedged:

Hong Kong dollars	333	0	0	0
New Zealand dollars	0	8	0	0
Japanese yen	3	37	0	0
Euro dollars	118	0	0	0
	454	**45**	**0**	**0**

The Australian Dollar equivalents of foreign currency monetary items included in the Statement of Financial Position headings to the extent that they are not effectively hedged are set out above.

Summary of foreign exchange contracts

	2002 Foreign Currency Amount ’000	2002 Average Contract rate	2001 Foreign Currency Amount ’000	2001 Average Contract rate
Amounts to be settled in Australian dollars				
US dollars	22,000	0.5278	2,000	0.5486
Euro dollars	750	0.6063	1,750	0.5966
Amounts to be settled in New Zealand dollars				
US dollars	750	0.4093	0	0

	Note	Consolidated 2002 $’000	Consolidated 2001 $’000	Parent 2002 $’000	Parent 2001 $’000

Note 26: Commitments

(a) Capital expenditure contracted for is payable as follows:

Not later than one year	**0**	**0**	**0**	**0**

(b) Finance lease expenditure contracted for is payable as follows:

Not later than one year	187	0	0	0
Later than one year but not later than five years	16	0	0	0
	203	**0**	**0**	**0**
Future finance charges	(25)	0	0	0
Net finance lease liability	**178**	**0**	**0**	**0**
Reconciled to				
Current liability	131	0	0	0
Non current liability	47	0	0	0
	178	**0**	**0**	**0**

Finance leases are entered into as a means of funding the acquisition of some motor vehicles. Rental payments are fixed. The leases have purchase options that are exercisable at agreed residual values.

(c) Operating lease expenditure contracted for is payable as follows:

Not later than one year	7,658	3,713	0	0
Later than one year but not later than five years	11,618	6,489	0	0
Later than five years	18,100	0	0	0
	37,376	**10,202**	**0**	**0**

Operating leases are entered into mainly as a means of acquiring access to commercial property and storage facilities. Operating leases are also entered into as a means of acquiring access to the use of minor items of plant and equipment. Rental payments are generally fixed, however certain property leases contain either a rental inflation escalation clause, an agreed rental percentage increase clause, a market rental review clause, or a mix of these clauses over the term of the operating lease.

Contingent rentals are determined with reference to known existing rental payments and known rental increases during the existing term of each operating lease.

No purchase options exist in relation to operating leases and no operating lease contains restrictions on financing or other leasing activities. Certain property leases contain renewal option clauses.

Note 27: Contingent Liabilities

Contingent liabilities exist for compensation for termination without cause under service agreements with Executive Directors of the Company and certain officers of the consolidated entity. The compensation for termination without cause is equal to the total of amounts that would have been payable under the agreement during the balance of the term of the agreement.

Contingent liabilities exist for compensation for restrictive covenants under service agreements with Executive Directors of the Company and certain officers of the consolidated entity upon expiration or termination of these agreements.

Indemnity agreements have been entered into with Executive Directors of the Company and with certain officers of the consolidated entity in respect of expenses and liabilities they incur in their official capacities. No monetary limit applies to these agreements and no known obligations have emerged as a result of these agreements.

A contingent liability exists for additional payment with regard to the purchase of a business under a purchase agreement with Liddy Corporation Pty Ltd and Liddy Design Pty Ltd. The contingent liability is calculated as a percentage of the earnings before interest, tax and amortisation of the acquired business for the period from the date of acquisition, being 1 January 2000, to 30 June 2004. The contingent liability is dependent on the acquired business achieving certain performance ratios during this term. An additional payment of $551,671 (2001: $59,536) was required for this financial year and has been accrued as at year end.

A contingent liability exists with regard to an uninsurable risk in the United States of America as our operations in California are situated in an identified flood zone. No known losses have been incurred as a result of this uninsurable risk

Note 28: Notes to the Statement of Cash Flows

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and deposits at call, net of outstanding bank overdrafts.

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Note	Consolidated		Parent	
		2002 $'000	**2001 $'000**	**2002 $'000**	**2001 $'000**
Cash on hand		22,086	9,072	0	0
Bank overdraft		(12,948)	(3,862)	0	0
		9,138	**5,210**	**0**	**0**
(b) Reconciliation of Net Cash Provided by Operating Activities to Operating Profit After Income Tax					
Operating profit after income tax		16,353	7,540	8,702	2,880
Adjustments for non-cash income and expense items:					
Depreciation and amortisation		3,632	1,735	0	0
Net loss on sale of assets		95	17	0	0
Share of joint venture partnerships (profits)		(49)	0	0	0
Transfers to provisions:					
Provision for diminution in value of inventories		(1,285)	199	0	0
Employee entitlements		19	192	0	0
Doubtful debts		(1,415)	487	0	0
Dividends receivable		0	0	(3,348)	2,880
Movement in provision for:					
Income tax payment		959	(1,807)	22	0
Future income tax benefit		1,547	276	0	0
Changes in assets and liabilities net of effects from purchase of controlled entities:					
(Increase)/decrease in assets:					
Accounts receivable		8,069	(87)	0	0
Inventory		13,405	(1,359)	0	0
Prepayments and other assets		614	(1,417)	0	0
(Decrease)/increase in liabilities:					
Trade creditors		(15,677)	(1,214)	0	0
Net cash from operating activities		**26,267**	**4,562**	**5,376**	**5,760**

Entity and consideration given	Date acquired	Proportion of shares acquired	Consolidated 2002 $ '000	2001 $ '000
(c) Controlled entities acquired				

The following controlled entities were acquired by the consolidated entity at the date stated and their operating results have been included in the Statement of Financial Performance from that date.

Breville Group of companies comprising the following	28 Sept 2001	100%		
Sarina Enterprises Pty Ltd	Breville Holdings Pty Ltd	Breville NZ Ltd		
Srinigar Investments Pty Ltd	Breville Pty Ltd	Breville International Pty Ltd		
Kashmir Investments Pty Ltd	Breville R&D Pty Ltd	Gannet Holdings Ltd		
Breville Export Ltd				
Consideration				
- Cash paid			34,774	0
- ordinary shares issued			20,000	0
- cash deferred			5,000	0
Total consideration			**59,774**	**0**

The amounts of assets and liabilities acquired by major class are:

Cash	5,526	0
Receivables	35,850	0
Other current assets	499	0
Inventories	38,488	0
Deferred tax assets	2,753	0
Property, plant and equipment	4,172	0
Intangible assets including goodwill on acquisition	29,406	0
Accounts payable	(34,414)	0
Borrowings	(19,562)	0
Provisions	(2,660)	0
Tax liabilities	(284)	0
	59,774	**0**

Outflow of cash to acquire the entities, net of cash acquired:

Cash consideration	34,774	0
Cash balance acquired	(5,526)	0
Outflow of cash	**29,248**	**0**

Note 29: Financing Arrangements:

The consolidated entity has access to the following financing facilities with a number of financial institutions:

2002	Note	Facility $ '000	Drawn $ '000	Unused $ '000
Australia (in $AUD)				
AUD overdraft facility		1,000	-	1,000
Commercial bills facility		44,500	37,500	7,000
Trade Finance		30,000	18,247	11,753
Multi option facility		41,500	39,054	2,446
Business Transactions facilities		3,804	0	3,804
		120,804	94,801	26,003

2002	Note	Facility $ '000	Drawn $ '000	Unused $ '000
USA (in $USD)				
Working capital/ documentary credit		7,362	2,738	4,624
2001				
Australia (in $AUD)				
AUD overdraft facility		1,000	-	1,000
Commercial bills facility		22,000	20,000	2,000
Trade Finance		30,000	13,798	16,202
Business Transactions facilities		3,800	-	3,800
		56,800	33,798	23,002
USA (in $USD)				
Working capital/ documentary credit		8,353	2,955	5,398

Note 30: Controlled Entities

The consolidated financial statements at 30 June 2002 include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

Name of controlled entity	Note	Place of Incorporation/ formation	% of shares held 2002	2001
Thebe International Pty Ltd		Australia	100%	100%
Thebe International, Inc.		USA	100%	100%
Metro/Thebe, Inc.		USA	100%	100%
Sarina Enterprises Pty Ltd		Australia	100%	0
Srinigar Investments Pty Ltd		Australia	100%	0
Kashmir Investments Pty Ltd		Australia	100%	0
Breville Holdings Pty Ltd		Australia	100%	0
Breville Pty Ltd		Australia	100%	0
Breville R&D Pty Ltd		Australia	100%	0
Breville NZ Ltd		New Zealand	100%	0
Breville International Pty Ltd		Hong Kong	100%	0
Gannet Holdings Ltd		Hong Kong	100%	0
Breville Export Ltd		Hong Kong	100%	0
Holding HWI Canada, Inc		Canada	100%	0
HWI Canada, Inc		Canada	100%	0

A deed of Cross Guarantee dated 4 November 1999 was entered into between Housewares International Ltd and Thebe International Pty Ltd. This deed was subsequently assumed by Breville Pty Ltd and Breville Holdings Pty Ltd under an assumption deed dated 19 December 2001. The deed of Cross Guarantee provides that the parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding-up of that company. As a result of a Class Order issued by the Australian Securities and Investments Commission, Thebe International Pty Ltd, Breville Pty Ltd, and Breville Holdings Pty Ltd are relieved from the requirements to prepare financial statements.

In accordance with the requirements of the class order, the consolidated Statement of Financial Performance and Statement of Financial position of all entities included in the class order "closed group" are set out as follows. The entities comprising the class order "closed group" are Housewares International Ltd, Thebe International Pty Ltd, Breville Pty Ltd and Breville Holdings Pty Ltd.

Financial information for class order closed group.
Housewares International Ltd Closed Group
Statement of Financial Position at 30 June 2002

	Consolidated	
	2002 $'000	2001 $'000
Current Assets		
Cash Assets	19,517	8,795
Receivables	47,387	15,949
Inventories	61,124	29,656
Other	1,594	1,228
Total Current Assets	**129,622**	**55,628**
Non-Current Assets		
Other financial assets	17,915	15,000
Plant and equipment	6,843	2,194
Intangibles	59,783	27,158
Deferred tax assets	3,684	1,209
Total Non-Current Assets	**88,225**	**45,561**
Total Assets	**217,847**	**101,189**
Current Liabilities		
Payables	27,499	6,819
Interest bearing liabilities	14,746	3,862
Tax liabilities	744	0
Other provisions	6,295	944
Total Current Liabilities	**49,284**	**11,625**
Non-Current Liabilities		
Interest bearing liabilities	54,380	20,000
Other provisions	1,396	807
Total Non-Current Liabilities	**55,776**	**20,807**
Total Liabilities	**105,060**	**32,432**
Net Assets	**112,787**	**68,757**
Equity		
Contributed equity	105,759	68,659
Reserves	3,999	0
Retained profits	3,029	98
Total Equity	**112,787**	**68,757**

Housewares International Ltd Closed Group

Statement of Financial Performance for the year ended 30 June 2002

	Consolidated	
	2002 $'000	2001 $'000
Sales revenue	299,566	120,281
Other revenues	1,217	2,176
Borrowing costs	(3,054)	(2,060)
Other expenses from ordinary activities	(280,867)	(116,623)
Profit from ordinary activities before income tax expense	**16,862**	**3,773**
Income tax expense relating to ordinary activities	(5,229)	(882)
Net profit	**11,633**	**2,892**
Total changes in equity other than those resulting from transactions with owners as owners	**15,632**	**2,892**

Note 31: Remuneration of Officers

(a) Income of Directors

The number of directors of the parent entity who were paid, or were due to be paid, income (including brokerage, commissions, bonuses, retirement payments and salaries, but excluding prescribed benefits disclosed later in this note under "retirement benefits"), directly or indirectly from the Company or any related party, as shown in the following bands, were:

	Parent	
	2002	2001
$40,000 - 49,999	3	3
$70,000 - 79,999	1	1
$110,000 - 119,999	0	1
$330,000 - 339,999	0	1
$340,000 - 349,999	2	0
$380,000 - 389,999	1	1
$400,000 - 409,999	1	0
The aggregate income of the directors referred to above:	**$1,695,485**	**$1,046,322**

The total of all income paid or payable, directly or indirectly, from the respective entities of which they are a director, or from any related party, to all the directors of each entity in the consolidated entity was $4,621,746 (2001: $2,652,222). This amount includes the value of insurance premiums made for the benefit of executive directors.

(b) Income of Executives

The number of executive officers whose total income for the year falls within the following bands, were:

	Consolidated		Parent	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
$110,000-119,999	0	1	0	1
$170,000-179,999	1	2	1	2
$330,000-339,999	0	1	0	1
$340,000 - 349,999	2	0	2	0
$380,000-389,000	1	1	1	1
$400,000-409,000	1	0	1	0
The aggregate income of the Executives referred to above:	**$1,663,225**	**$1,183,407**	**$1,663,225**	**$1,183,407**

Income of executives comprises amounts paid or payable to executive officers domiciled in Australia, directly or indirectly, by the consolidated entity or any related party (but excluding amounts disclosed later in this note under "retirement benefits") in connection with the management of the affairs of the entity or consolidated entity, whether as executive officers or otherwise.

(c) Retirement Benefits

There were no prescribed benefits given to a person, or to a prescribed superannuation fund, in connection with the retirement of a person from a prescribed office in relation to an entity in the consolidated entity during the financial period.

Note 32: Remuneration of Auditors

Remuneration received, or due and receivable, by the auditor of the parent entity and its affiliates for:

	Consolidated		Parent	
	2002	**2001**	**2002**	**2001**
	$'000	**$'000**	**$'000**	**$'000**
Audit of the financial statements				
Arthur Andersen	51,267	124,765	0	0
Ernst & Young	214,777	0	0	0
	266,044	**124,765**	**0**	**0**
Other audit services				
Arthur Andersen	570,586	0	0	0
Ernst & Young	0	0	0	0
	570,586	**0**	**0**	**0**
Other services				
Arthur Andersen	112,405	63,267	0	0
Ernst & Young	5,000	0	0	0
	117,405	**63,267**	**0**	**0**

Note 33: Related Party Disclosures

(a) Directors

The following persons held the position of director of Housewares International Limited since the end of the previous financial year, unless otherwise stated:

- Clive Little
- Peter Morgan
- Mark Kirkby
- Brian Cartlidge
- John McConnell
- Frank Jones
- Phillip Ramsay
- Joseph Hersch (appointed on 6 December 2001)

(b) Director transactions – loans

Housewares International Ltd has provided a loan to Phillip Ramsay for $500,000 and a loan to Brian Cartlidge for $500,000 to fund the exercise of options to acquire shares in the company. The loans were issued in accordance with the terms of the Housewares International Senior Executive Option Plan such that interest on the loan equals the dividends and other distributions payable from time to time on the company shares acquired with the loan.

(c) Director Shareholdings

Interest in the equity instruments of Housewares International Limited held by directors of the reporting entity as at balance date.

	Ordinary Shares		Share Options	
	2002	**2001**	**2002**	**2001**
C Little	41,131	40,001	0	0
J McConnell	54,820	40,000	0	0
P Morgan	103,833	88,980	0	0
F Jones	61,695	50,000	0	0
M Kirkby	10,142	5,000	500,000	0
P Ramsay	586,272	45,000	0	500,000
B Cartlidge	518,920	18,400	0	500,000
J Hersch	3,505,467	-	500,000	-
	4,882,280	**287,381**	**1,000,000**	**1,000,000**

During the year, Mr P Ramsay acquired 500,000 ordinary shares through the exercise of options at an average exercise price of $1.00. During the year, Mr Cartlidge acquired 500,000 ordinary shares through the exercise of options at an average exercise price of $1.00. All other movements in directors share holdings have been on market transactions at arms length.

(d) Transactions with Related Parties in the Wholly Owned Group

During the financial period, loans were advanced and repayments received on Intercompany accounts with related parties in the wholly owned group. These transactions were undertaken on commercial terms and conditions.

(e) Amounts due and receivable from related parties in the wholly owned group

These amounts are set out in the respective notes to the financial statements.

(f) Ownership Interests

The ownership interests in related parties in the wholly owned group are set out in Note 30.

(g) Ultimate Controlling Entity

The ultimate controlling entity of the consolidated entity in Australia is Housewares International Limited.

Note 34: Financial Instruments

(a) Objectives for Holding Derivative Financial Instruments.

The consolidated entity uses derivative financial instruments to manage identified interest rate and foreign currency risks. The consolidated entity is primarily exposed to the risk of adverse movements in the Australian dollar relative to certain foreign currencies, including the United States dollar, Euro dollar and Japanese Yen and movements in interest rates.

Foreign currency forward exchange contracts are purchased to hedge the Australian dollar value of US dollar, Euro dollar, New Zealand Dollar and Japanese Yen payments rising from anticipated import purchases. Forward exchange contracts commit the company to buy US dollars and Euro Dollars at an agreed rate of exchange. All forward contracts are demoninated in a single foreign currency and contracted against Australian dollars. The consolidated entity hedges a portion of its anticipated future purchases for periods up to 6 months from the end of the financial period.

The consolidated entity raises short-term debt at both fixed and floating rates. Interest rate swap agreements are used to convert fixed interest rate exposures on certain short-term debt to fixed rates over a longer period. These swaps entitle the consolidated entity to receive, or oblige it to pay, the amounts, if any, by which actual interest payments on nominated loan amounts exceed or fall below specified interest amounts.

(b) Interest Rate Risk Exposures

The consolidated entity is exposed to interest rate risk through primary financial assets and liabilities. The following table summarises interest rate risk for the consolidated entity, together with effective interest rates as at balance date.

(continued)

2002	Floating Interest Rate (a) $000	Fixed interest rate maturing in 1 year or less $000	Over 1 to 5 years $000	More than 5 years $000	Non-interest bearing $000	Total $000	Average interest rate floating (a)	Average interest rate fixed (b)
Financial Assets								
Cash assets	12,285	0	0	0	9,801	22,086	4.03%	
Trade debtors	0	0	0	0	51,284	51,284		
Non-trade debtors	1,760	0	0	0	878	2,638	12.86%	
	14,045	**0**	**0**	**0**	**61,963**	**76,008**		
Financial liabilities								
Trade creditors	0	0	0	0	34,426	34,426		
Bank overdrafts	12,948	0	0	0	0	12,948	3.68%	
Bills payable	0	54,570	0	0	0	54,570		5.89%
Finance lease liability	0	131	47	0	0	178		6.00%
Deferred cash settlement for subsidiaries acquired	0	1,667	3,333	0	0	5,000		8.34%
Interest rate swaps (c)	0	(35,000)	35,000	0	0	0		5.49%
	12,948	**21,368**	**38,380**	**0**	**34,426**	**107,122**		

2001	Floating Interest Rate (a) $000	Fixed interest rate maturing in 1 year or less $000	Over 1 to 5 years $000	More than 5 years $000	Non-interest bearing $000	Total $000	Average interest rate floating (a)	Average interest rate fixed (b)
Financial Assets								
Cash assets	5,391	0	0	0	3,681	9,072	4.61%	
Trade debtors	0	0	0	0	22,446	22,446		
Non-trade debtors	0	0	0	0	351	351		
	5,391	**0**	**0**	**0**	**26,478**	**31,869**		
Financial liabilities								
Trade creditors	0	0	0	0	15,196	15,196		
Bank overdrafts	3,862	0	0	0	0	3,862	5.33%	
Bills payable	900	23,984	0	0	0	24,884	7.00%	5.86%
Interest rate swaps (c)	0	(5,000)	5,000	0	0	0		5.28%
	4,762	**18,984**	**5,000**	**0**	**15,196**	**43,942**		

(a) Floating interest rates represent the most recently determined rate applicable to the instrument at balance date.

(b) The fixed rates on the bank loans represent the weighted average contract rate in place at year-end.

(c) The fixed rate on interest rate options represents the weighted average contract rate on swaps at year-end. These interest rate swaps are used to hedge bank loans on fixed interest rates maturing in one year or less over a longer period. The carrying amount of the consolidated entity's financial assets and liabilities approximate net fair value. The exception to this is the net fair value of the interest rate swap contracts, being unrecognised in the financial statements, amounting to $587,657. This value represents the estimated gain on cancelling the instruments at balance date and is determined using independent market quotations and adopting conventional market valuation techniques.

(c) Foreign Exchange

The following table summarises by currency the Australian dollar value of forward foreign exchange agreements. Foreign currency amounts are translated at rates current at the reporting date. The 'buy' amounts represent the Australian dollar equivalent of commitments to purchase foreign currencies. Contracts to buy foreign currency are entered into from time to time to offset purchases so as to maintain a desired hedge position.

Currency	Average 2002	Exchange Rate 2001	2002 Buy $ '000	2001 Buy $ '000
United States dollars:				
6 months or less	0.5278	0.5486	41,681	3,645
Euro dollars:				
6 months or less	0.6063	0.5966	1,237	2,933
Total			**42,918**	**6,578**

The consolidated entity is exposed to foreign currency exchange rate risk through primary financial assets and liabilities, and anticipated future transactions modified through derivative financial instruments such as forward exchange agreements. The following table summarises by currency, in Australian dollars, the foreign exchange risk in respect of recognised financial assets, liabilities and derivatives entered to hedge anticipated future transactions. Financial assets and liability captions in which all amounts are denominated in Australian dollars are not included in these tables.

2002	Australia $'000	United States $'000	Canada $'000	Hong Kong $'000	New Zealand $'000	Other currencies $'000	Total $'000
Financial assets							
Cash assets	16,240	2,116	216	164	3,350	0	22,086
Trade debtors	39,737	6,549	0	1,146	3,851	0	51,283
Non trade debtors	2,028	0	0	190	420	0	2,638
	58,005	**8,665**	**216**	**1,500**	**7,621**	**0**	**76,007**
Financial liabilities							
Trade creditors	24,906	11,155	0	333	6	0	36,400
Bank overdrafts	0	3,570	0	0	0	1,454	5,024
Bills payable	51,000	27,384	0	1,525	2,815	0	82,724
Finance lease liability	177	0	0	0	0	0	177
Deferred cash settlement for subsidiaries acquired	5,000	0	0	0	0	0	5,000
	81,083	**42,109**	**0**	**1,858**	**2,821**	**1,454**	**129,325**
Forward exchange contracts	**42,918**	**(43,513)**	**0**	**0**	**1,832**	**(1,237)**	**0**

2001	Australia $'000	United States $'000	Canada $'000	Hong Kong $'000	New Zealand $'000	Other currencies $'000	Total $'000
Financial assets							
Cash assets	8,732	277	0	0	0	63	9,072
Trade debtors	14,666	7,780	0	0	0	0	22,446
Non trade debtors	94	257	0	0	0	0	351
	23,492	**8,314**	**0**	**0**	**0**	**63**	**31,869**

2001	Australia $'000	United States $'000	Canada $'000	Hong Kong $'000	New Zealand $'000	Other currencies $'000	Total $'000
Financial liabilities							
Trade creditors	4,326	10,485	0	0	0	385	15,196
Bank overdrafts	0	3,816	0	0	0	46	3,862
Bills payable	20,000	4,884	0	0	0	0	24,884
	24,326	**19,185**	**0**	**0**	**0**	**431**	**43,942**
Forward exchange contracts	6,578	(3,645)	0	0	0	(2,933)	0

(d) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets, excluding investments, of the consolidated entity which have been recognised on the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts.

The consolidated entity minimises concentration of credit risk by undertaking transactions with a large number of customers. The consolidated entity is not materially exposed to any individual overseas country or individual customer.

Forward foreign exchange agreements are subject to credit risk in relation to the relevant counterparties, which are large banks. The maximum credit risk exposure on forward foreign exchange agreements is the full amount of the foreign currency the consolidated entity pays when settlement occurs, should the counterparty fail to pay the amount which it committed to pay the consolidated entity.

(e) Net Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated net fair values of financial assets and financial liabilities held at balance date are not materially different. The net fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged, or liability settled in a current transaction between willing parties after allowing for transaction costs.

Directors' Declaration

In accordance with a resolution of the directors of Housewares International Limited, we state that:

1. In the opinion of the directors:

   (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and

      (ii) complying with Accounting Standards and Corporations Regulations 2001: and

   (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 30 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the deed of cross guarantee dated 4 November 1999.

Signed in accordance with a resolution of the directors.

Clive Little
Chairman

Melbourne 9 September 2002

Mark Kirkby
Director

Melbourne 9 September 2002

ERNST & YOUNG

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Independent Audit Report

To the members of Housewares International Limited

Scope

We have audited the financial report of Housewares International Limited for the financial year ended 30 June 2002, as set out on pages 25 to 54, including the Directors' Declaration. The financial report includes the financial statements of Housewares International Limited, and the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Housewares International Limited is in accordance with:

(a) the Corporations Act 2001 including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Ernst & Young

Ernst & Young

Mary Waldron

Mary Waldron
Partner

Melbourne 9 September 2002

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

Shareholder Information

Substantial Shareholders as at 12 September 2002.

The following information is extracted from the Company's Register of Substantial Shareholders.

Name	Number of ordinary shares
S. Lew Custodians Pty Limited (a)	28,912,917
Barbara Mary O'Brien (junior)	9,818,725
Perpetual Trustees Australia Limited	5,884,037

(a) The interests of S. Lew Custodians Pty Ltd include a deemed relevant interest in the 26,491,423 shares held by Premier Investments Ltd.

Distribution of Shareholdings as at 12 September 2002.

Size of holding	Ordinary shareholders
1 to 1,000	215
1,001 to 5,000	943
5,001 to 10,000	612
10,001 to 100,000	609
100,001 and over	43
Total shareholders	**2,422**
Number of ordinary shareholders with less than a marketable parcel	**26**

Voting Rights

All ordinary shares issued by Housewares International Limited carry one vote per share without restriction.

Twenty Largest Shareholders as at 12 September 2002.

Name	Number of Ordinary Shares	Percentage of Ordinary Shares
Premier Investments Limited	26,491,423	23.89
Ms Barbara Mary O'Brien	9,818,725	8.85
Koorool Pty Limited	4,749,474	4.28
National Nominees Limited	4,672,557	4.21
Commonwealth Custodial Services Limited	4,447,842	4.01
RBC Global Services Australia Nominees Pty Limited (pipooled account)	4,069,433	3.67
Mr John William O'Brien	3,861,857	3.48
J P Morgan Nominees Australia Limited	3,594,388	3.24
Nofusa Pty Limited	3,505,468	3.16
RBC Global Services Australia Nominees Pty Limited (RA account)	3,421,580	3.09
M F Custodians Limited	1,865,919	1.68
Mirrabooka Investments Ltd (Investment Portfolio A/C)	1,700,000	1.53
ANZ Nominees Limited	1,444,566	1.30
Lew Family Investments Limited	1,238,850	1.12
RBC Global Services Australia Nominees Pty Limited (piic account)	1,009,181	0.91
Invia Custodian Pty Limited (Best Superannuation P/L account)	978,249	0.88
Mr William David O'Brien	913,141	0.82
Equity Trustees Limited (SGH PI smaller co's fund)	766,341	0.69
Queensland Investment Corporation	747,771	0.67
Cogent Nominees Pty Limited	747,262	0.67
Total	**80,044,027**	**72.15**

Directors

Clive Little
Chairman

John McConnell
Non-Executive Director

Peter Morgan
Non-Executive Director

Frank Jones
Non-Executive Director

Mark Kirkby
Managing Director

Phillip Ramsay
Executive Director

Brian Cartlidge
Executive Director

Joseph Hersch
Executive Director

Company Secretary

Laurelle Jackson

Registered Office

461 Plummer Street
Port Melbourne Victoria 3207

Telephone (03) 9646 5500

Share Registers

Computershare Registry Services Pty Ltd
565 Bourke Street
Melbourne Victoria 3000

Telephone (03) 9615 5970

Auditors

Ernst & Young
360 Elizabeth Street
Melbourne Victoria 3000

Solicitors

Arnold Bloch Leibler
333 Collins Street
Melbourne Victoria 3000

Stock Exchange Listings

Housewares International shares are quoted on the Australian Stock Exchange.

Website

www.housewares.com.au